



DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 987

[Docket No. AMS-FV-14-0057; FV14-987-3 IR]

**Domestic Dates Produced or Packed in Riverside County,
California; Decreased Assessment Rate**

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Interim rule with request for comments.

SUMMARY: This rule decreases the assessment rate established for the California Date Administrative Committee (Committee) for the 2014-15 and subsequent crop years from \$0.40 to \$0.20 per hundredweight of dates handled. The Committee locally administers the marketing order, which regulates the handling of dates grown or packed in Riverside County, California. Assessments upon date handlers are used by the Committee to fund reasonable and necessary expenses of the program. The crop year begins October 1 and ends September 30. The assessment rate will remain in effect indefinitely unless modified, suspended, or terminated.

DATES: Effective October 1, 2014. Comments received by [INSERT DATE 60 DAYS AFTER THE DATE OF PUBLICATION IN THE FEDERAL REGISTER] will be considered prior to issuance of a final rule.

ADDRESSES: Interested persons are invited to submit written comments concerning this rule. Comments must be sent to the Docket Clerk, Marketing Order and Agreement Division, Fruit and Vegetable Program, AMS, USDA, 1400 Independence Avenue SW, STOP 0237, Washington, DC 20250-0237; Fax: (202) 720-8938; or Internet: <http://www.regulations.gov>.

Comments should reference the docket number and the date and page number of this issue of the **Federal Register** and will be available for public inspection in the Office of the Docket Clerk during regular business hours, or can be viewed at: <http://www.regulations.gov>. All comments submitted in response to this rule will be included in the record and will be made available to the public. Please be advised that the identity of the individuals or entities submitting comments will be made public on the internet at the address provided above.

FOR FURTHER INFORMATION CONTACT: Terry Vawter, Senior Marketing Specialist, or Martin Engeler, Regional Director, California Marketing Field Office, Marketing Order and Agreement Division, Fruit and Vegetable Program, AMS, USDA; Telephone: (559) 487-5901, Fax: (559) 487-5906, or E-mail: Terry.Vawter@ams.usda.gov or Martin.Engeler@ams.usda.gov.

Small businesses may request information on complying with this regulation by contacting Jeffrey Smutny, Marketing Order and Agreement Division, Fruit and Vegetable Program, AMS, USDA, 1400 Independence Avenue SW, STOP 0237, Washington, DC 20250-0237; Telephone: (202) 720-2491, Fax: (202) 720-8938, or E-mail: Jeffrey.Smutny@ams.usda.gov.

SUPPLEMENTARY INFORMATION: This rule is issued under Marketing Agreement and Order No. 987, both as amended (7 CFR Part 987), regulating the handling of dates produced or packed in Riverside County, California, hereinafter referred to as the "order." The order is effective under the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674), hereinafter referred to as the "Act."

The Department of Agriculture (USDA) is issuing this rule in conformance with Executive Orders 12866, 13563, and 13175.

This rule has been reviewed under Executive Order 12988, Civil Justice Reform. Under the marketing order now in effect, Riverside County, California date handlers are subject to assessments. Funds to administer the order are derived from such assessments. It is intended that the assessment rate as issued herein will be applicable to all

assessable dates beginning October 1, 2014, and continue until amended, suspended, or terminated.

The Act provides that administrative proceedings must be exhausted before parties may file suit in court. Under section 608c(15)(A) of the Act, any handler subject to an order may file with USDA a petition stating that the order, any provision of the order, or any obligation imposed in connection with the order is not in accordance with law and request a modification of the order or to be exempted therefrom. Such handler is afforded the opportunity for a hearing on the petition. After the hearing, USDA would rule on the petition. The Act provides that the district court of the United States in any district in which the handler is an inhabitant, or has his or her principal place of business, has jurisdiction to review USDA's ruling on the petition, provided an action is filed not later than 20 days after the date of the entry of the ruling.

This rule decreases the assessment rate established for the Committee for the 2014-15 and subsequent crop years from \$0.40 to \$0.20 per hundredweight of dates.

The California date marketing order provides authority for the Committee, with the approval of USDA, to formulate an annual budget of expenses and collect assessments from

handlers to administer the program (7 CFR 987.72). The members of the Committee are date producers and handlers from Riverside County, California. They are familiar with the Committee's needs and the costs of goods and services in their local area and are thus in a position to formulate an appropriate budget and assessment rate. The assessment rate is formulated and discussed in a public meeting. Thus, all directly affected persons have an opportunity to participate and provide input.

The Committee met on June 25, 2014, and unanimously recommended 2014-15 expenditures of \$56,200, and an assessment rate of \$0.20 per hundredweight of Riverside County, California dates. In comparison, last year's budgeted expenditures were \$97,700. The assessment rate of \$0.20 is \$0.20 lower than the rate currently in effect.

The Committee recommended a lower assessment rate because of a significant decrease in its budgeted expenses. The industry shifted its marketing programs from the Committee to the California Date Commission, a California State marketing program, beginning October 1, 2013. As such costs continue to shift to the State marketing program, the amount of assessment revenue needed under the order continues to decrease.

Income generated from the lower assessment rate, combined with cull surplus contributions, and carry-in funds from the 2013-14 crop year should be sufficient to cover anticipated 2014-15 expenses.

Proceeds from sales of cull dates are deposited into a surplus account for subsequent use by the Committee in covering the surplus pool share of the Committee's expenses. Handlers may also dispose of cull dates of their own production within their own livestock-feeding operation; otherwise, such cull dates must be shipped or delivered to the Committee for sale to non-human food product outlets. Pursuant to § 987.72(c), the Committee is authorized to temporarily use funds derived from assessments to defray expenses incurred in disposing of surplus dates. All such expenses are required to be deducted from proceeds obtained by the Committee from the disposal of surplus dates. For the 2014-15 crop year, the Committee estimates that \$5,000 from the surplus account would be needed to temporarily defray expenses incurred in disposing of surplus dates.

The major expenditures recommended by the Committee for the 2014-15 crop year include: \$56,200 for general and administrative expenses, and \$2,800 in contingency funds.

In comparison, the major expenditures recommended by the Committee for the 2013-14 crop year included: \$58,200 for general and administrative expenses, \$20,000 for nutrition and food quality programs, and \$19,500 for contingency funds.

The assessment rate of \$0.20 per hundredweight of dates handled was recommended by the Committee after considering several factors: the anticipated size of the 2014-15 crop, the Committee's estimates of the incoming reserve, other income, and anticipated expenses. Date shipments for the year are estimated at 27,000,000 pounds (270,000 hundredweight) which should provide \$54,000 in assessment income. Income derived from handler assessments, along with a \$5,000 reimbursement for the cost of disposing of surplus culls, should be adequate to cover budgeted expenses. Section 987.72(d) of the order states that the Committee may maintain a monetary reserve not to exceed the average of one year's expenses incurred during the most recent five preceding crop years, except that an established reserve need not be reduced to conform to any recomputed average. The Committee expects to carry a \$60,000 reserve into the 2014-15 crop year. It expects to add \$2,800 to the reserve during the year, for a carryout

of approximately \$62,800, which is below the limit specified in the order.

The assessment rate established in this rule will continue in effect indefinitely unless modified, suspended, or terminated by USDA upon recommendation and information submitted by the Committee or other available information.

Although this assessment rate is effective for an indefinite period, the Committee will continue to meet prior to or during each crop year to recommend a budget of expenses and consider recommendations for modification of the assessment rate. The dates and times of Committee meetings are available from the Committee or USDA. Committee meetings are open to the public and interested persons may express their views at these meetings.

USDA will evaluate Committee recommendations and other available information to determine whether modification of the assessment rate is needed. Further rulemaking will be undertaken as necessary. The Committee's 2014-15 budget and those for subsequent crop years will be reviewed and, as appropriate, approved by USDA.

Initial Regulatory Flexibility Analysis

Pursuant to requirements set forth in the Regulatory Flexibility Act (RFA) (5 U.S.C. 601-612), the Agricultural

Marketing Service (AMS) has considered the economic impact of this rule on small entities. Accordingly, AMS has prepared this initial regulatory flexibility analysis.

The purpose of the RFA is to fit regulatory actions to the scale of businesses subject to such actions in order that small businesses will not be unduly or disproportionately burdened. Marketing orders issued pursuant to the Act, and the rules issued thereunder, are unique in that they are brought about through group action of essentially small entities acting on their own behalf.

There are approximately 70 date producers in the production area and 11 handlers subject to regulation under the marketing order. The Small Business Administration defines small agricultural producers as those having annual receipts of less than \$750,000, and small agricultural service firms as those whose annual receipts are less than \$7,000,000. (13 CFR 121.201)

According to the National Agricultural Statistics Service (NASS), data for the most-recently completed crop year (2012) shows that about 4.04 tons, or 8,080 pounds, of dates were produced per acre. The 2012 grower price published by NASS was \$1,340 per ton, or \$0.67 per pound. Thus, the value of date production per acre in 2011-12

averaged about \$5,414 (8,080 pounds times \$0.67 per pound). At that average price, a producer would have to farm over 138 acres to receive an annual income from dates of \$750,000 (\$750,000 divided by \$5,414 per acre equals 138.53 acres). According to Committee staff, the majority of California date producers farm less than 138 acres. Thus, it can be concluded that the majority of date producers could be considered small entities. In addition, according to data from the Committee staff, the majority of California date handlers have receipts of less than \$7,000,000 and may also be considered small entities.

This rule decreases the assessment rate established for the Committee and collected from handlers for the 2014-15 and subsequent crop years from \$0.40 to \$0.20 per hundredweight of dates handled. The Committee unanimously recommended 2014-15 expenditures of \$56,200 and an assessment rate of \$0.20 per hundredweight of dates, which is \$0.20 lower than the 2013-14 rate currently in effect. The quantity of assessable dates for the 2014-15 crop year is estimated at 27,000,000 pounds (270,000 hundredweight). Thus, the \$0.20 rate should provide \$54,000 in assessment income. Income derived from handler's assessments, along with the \$5,000 contribution from the surplus program,

should be adequate to cover expenses for the 2014-15 crop year.

The major expenditures recommended by the Committee for the 2014-15 crop year include: \$56,200 for general and administrative expenses, and \$2,800 in contingency funds. In comparison, the major expenditures recommended by the Committee for the 2013-14 crop year include: \$58,200 for general and administrative expenses, \$20,000 for nutrition and food quality programs, and \$19,500 for contingency funds.

The Committee recommended a lower assessment rate because the industry began shifting its marketing programs to the State marketing program, the California Date Commission, beginning October 1, 2013. The migration of costs to the State marketing program has continued. Thus, less assessment revenue is needed to fund Committee operations under the order.

Section 987.72(d) of the order states that the Committee may maintain a monetary reserve not to exceed the average of one year's expenses incurred during the most recent five preceding crop years, except that an established reserve need not be reduced to conform to any recomputed average. The Committee expects to carry a

\$60,000 reserve into the 2014-15 crop year. It expects to add \$2,800 to the reserve during the year, for a carryout of approximately \$62,800, which is below the limit specified in the order.

The Committee reviewed and unanimously recommended 2014-15 crop year expenditures of \$56,200. Prior to arriving at this budget, the Committee considered information from various sources, such as the Committee's Budget Subcommittee. Alternative expenditure levels and assessment rates were discussed by the subcommittee, based upon the relative value of various projects to the date industry and the Committee. The assessment rate of \$0.20 per hundredweight of dates was then recommended after consideration of several factors, including the anticipated 2014-15 crop size, the Committee's estimates of the incoming reserve funds, other income, and their anticipated expenses.

A review of historical and preliminary information pertaining to the upcoming crop year indicates that the grower price for the 2014-15 crop year could range between \$45.00 and \$55.00 per hundredweight of dates. Utilizing these estimates and the assessment rate of \$0.20 per hundredweight, the estimated assessment revenue for the

2014-15 crop year as a percentage of total grower revenue could range between 0.36 and 0.44 percent.

This action decreases the assessment obligation imposed on handlers. Assessments are applied uniformly on all handlers, and some of the costs may be passed on to producers. However, decreasing the assessment rate reduces the burden on handlers, and may reduce the burden on producers. In addition, the Committee's and subcommittee's meetings were widely publicized throughout the California date industry, and all interested persons were invited to attend the meetings and encouraged to participate in Committee deliberations on all issues. Like all Committee meetings, the June 25, 2014, meeting was a public meeting and all entities, both large and small, were able to express views on this issue. Industry members also discussed the various possible assessment rates, potential crop size, and estimated expenses at the Budget Subcommittee meeting on June 4, 2014. Finally, interested persons are invited to submit comments on this interim rule, including the regulatory and informational impacts of this action on small businesses.

In accordance with the Paperwork Reduction Act of 1995, (44 U.S.C. Chapter 35), the order's information

collection requirements have been previously approved by the Office of Management and Budget (OMB) and assigned OMB No. 0581-0178, "Vegetable and Specialty Crop Marketing Orders." No changes in those requirements as a result of this action are necessary. Should any changes become necessary, they would be submitted to OMB for approval.

This action imposes no additional reporting or recordkeeping requirements on either small or large Riverside County, California date handlers. As with all Federal marketing order programs, reports and forms are periodically reviewed to reduce information requirements and duplication by industry and public sector agencies.

AMS is committed to complying with the E-Government Act, to promote the use of the internet and other information technologies to provide increased opportunities for citizen access to Government information and services, and for other purposes.

USDA has not identified any relevant Federal rules that duplicate, overlap, or conflict with this rule.

A small business guide on complying with fruit, vegetable, and specialty crop marketing agreements and orders may be viewed at:

<http://www.ams.usda.gov/MarketingOrdersSmallBusinessGuide>.

Any questions about the compliance guide should be sent to Jeffrey Smutny at the previously mentioned address in the **FOR FURTHER INFORMATION CONTACT** section.

After consideration of all relevant material presented, including the information and recommendation submitted by the Committee and other available information, it is hereby found that this rule, as hereinafter set forth, will tend to effectuate the declared policy of the Act.

Pursuant to 5 U.S.C. 553, it is also found and determined upon good cause that it is impracticable, unnecessary, and contrary to the public interest to give preliminary notice prior to putting this rule into effect, and that good cause exists for not postponing the effective date of this rule until 30 days after publication in the **Federal Register** because: (1) The 2014-15 crop year begins on October 1, 2014, and the marketing order requires that the rate of assessment for each crop year apply to all assessable dates handled during such crop year; (2) the action decreases the assessment rate for assessable dates beginning with the 2014-15 crop year; (3) handlers are aware of this action which was unanimously recommended by the Committee at a public meeting and is similar to other

assessment rate actions issued in past years; and (4) this interim rule provides a 60-day comment period. All comments timely received will be considered prior to finalization of this rule.

List of Subjects in 7 CFR Part 987

Dates, Marketing agreements, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, 7 CFR part 987 is amended as follows:

PART 987 - DATES PRODUCED OR PACKED IN RIVERSIDE COUNTY,
CALIFORNIA

1. The authority citation for 7 CFR part 987 continues to read as follows:

Authority: 7 U.S.C. 601-674.

2. Section 987.339 is revised to read as follows:

§ 987.339 Assessment rate.

On and after October 1, 2014, an assessment rate of \$0.20 per hundredweight is established for Riverside County, California dates.

Dated: August 22, 2014

Rex A. Barnes
Associate Administrator
Agricultural Marketing Service

Billing Code
3410-02 P

[FR Doc. 2014-20413 Filed 08/26/2014 at 8:45 am;
Publication Date: 08/27/2014]